

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 EUR-25 IO-14 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15

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USADB

FOR NAC AGENCIES

E.O. 11652: 12/31/75

TAGS: EAID, EFIN

SUBJECT: POST PROJECT EVALUATION

1. BOARD DISCUSSIONS INITIATED REGARDING POST PROJECT
EVALUATION PROPOSAL AT APRIL 16 MEETING. DISCUSSIONS
SCHEDULED TO CONTINUE AFTER ANNUAL MEETING WITH FINAL
RESOLUTION ANTICIPATED MAY.

2. OPENING REMARKS BY VARIOUS DIRECTORS WERE TENTATIVE
AND GENERAL. HOWEVER, QUITE OBVIOUS THAT THERE MAY BE
CONSIDERABLE DIFFICULTIES IN RETAINING MAY OF THE
DESIRABLE FEATURES OF PROPOSAL. BOTH KOREAN AND INDIAN
DIRECTORS ATTACKED PROPOSAL RAISING QUESTIONS ABOUT BANK
PRIORITIES WHILE EMPHASIZING THAT BANK SHOULD DEVOTE
ATTENTION TO PROVIDING DEVELOPMENT ASSISTANCE RATHER THAN
WASTING TIME AND RESOURCES IN EVALUATION OF COMPLETED

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PROJECTS. KOREAN DIRECTOR PARTICULARLY VOCAL IN OPPOSITION

WHICH BASICALLY REFLECTS HIS DISPLEASURE AT BANK'S IN-HOUSE EVALUATION SEOUL-INCHEON HIGHWAY PROJECT WHICH WAS CRITICAL OF SOME BORROWER IMPLEMENTATION PRACTICES AND PROCEDURES.

3. IN ADDITION TO KOREAN AND INDIAN OPPOSITION, JAPANESE DIRECTOR RAISED NUMEROUS QUESTIONS ABOUT GUIDELINES AND PROCEDURES OF BANK PROPOSAL THEREBY ANTICIPATING MANY CONCERNS BORROWING COUNTRIES COULD BE EXPECTED TO RAISE. SPECIFICALLY, JAPANESE DIRECTOR STRESSED NEED FOR BORROWER AND BANK MANAGEMENT TO BE GIVEN REVIEW OPPORTUNITY OF EVALUATION REPORT PRIOR TO SUBMISSION BY EXECUTING AGENT TO BOARD CHAIRMAN, AND HENCE TO BOARD ITSELF. HE RAISED QUESTION WHETHER BANK LOAN AGREEMENTS CONFER PROPER AUTHORITY ON BANK TO EFFECT PROJECT EVALUATION BY OUTSIDE EXECUTING AGENT. FINALLY, JAPANESE DIRECTOR QUESTIONED WHETHER IT APPROPRIATE FOR BOARD TO SELECT PROJECTS SUGGESTING THAT SELECTION PROCESS BE LEFT TO BANK MANAGEMENT. IN LIGHT OF POINTS RAISED, JAPAN MAY HAVE A CONSIDERABLE NEGATIVE INFLUENCE WITH RESPECT TO FINAL FORM OF PROPOSAL.

4. NEW ZEALAND DIRECTOR EXPRESSED CONCERN ABOUT FEASIBILITY OF ASSESSING SOCIAL/ECONOMIC BENEFITS OF PROJECT FROM EVALUATION EFFORT, SPECIFICALLY STRESSING LACK OF ADEQUATE DATA, INABILITY TO QUANTIFY VARIOUS ASPECTS OF ECONOMIC DEVELOPMENT AND ATTENDANT SOCIAL IMPACT, ETC. NOTED THAT HIS VIEWS THIS MATTER FLECT A PRVIOUS EXPERIENCE WITH NEW ZEALAND AID PROGRAMS.

5. GERMAN DIRECTOR, ON THE OTHER HAND, INDICATED STRONG GENERALSUPPORT FOR PROPOSAL. HOWEVER, HE QUESTIONED WHETHER BOARD SHOULD SELECT PROJECTS AS WELL AS APPROVE TERMS OF REFERENCE FOR ACTIVITIES OF OUTSIDE EXECUTING AGENT. LATTER POOINTS POSED AS QUESTIONS RATHER THAN STATED AS RECOMMENDATIONS OR SUGGESTIONS. HENCE, PERHAPS THERE IS FLEXIBILITY REGARDING HIS POSITION ON THESE MATTERS.

6. U.S. DIRECTOR INDICATED STRONG SUPPORT FOR BANK PROPOSAL, ESPECIALLY PROVISION THAT EVALUATION REPORT BE SUBMITTED DIRECTLY WITHOUT REVIEW OR COMMENT TO BOARD LIMITED OFFICIAL USE

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CHAIRMAN AND BOARD SIMULTANEOUSLY, SUGGESTED THAT REPORTS CLEARLY STATE CONCLUSIONS OF EFFORT AND SUBSEQUENT RECOMMENDATIONS FOR ACTION BY BANK MANAGEMENT OR BOARD AS APPROPRIATE. IN ADDITION, RAISED POSSIBILITY THAT REVIEW PROCESS NOT BE LITMED EXCLUSIVELY TO COMPLETED PROJECTS BUT MAY INCLUDE PROJECTS IN PROCESS OF IMPLEMENTATION AS WELL. FINALLY, U.S. DIRECTOR PROPOSED THAT EACH FIRM OR INSTITUTION ON LIST OF POSSIBLE EVALUATION AGENTS BE

APPROVED BY BOARD, PERHAPS ON NO-OBJECTION BASIS.

7. IN ADDITION TO SUPPORT INDICATED BY GERMAN DIRECTOR AT BOARD MEETING, APPARENT FROM ADDITIONAL CONCERNATIONS THAT AUSTRALIA AND OTHER EUROPEAN DIRECTORS GENERALLY PREPARED TO SUPPORT BANK PROPOSAL. BUT UNCLEAR WHETHER THEIR SUPPORT WILL BE STRONG AND UNEQUIVOCAL, SPECIFICALLY REGARDING NUMEROUS INDEPENDENT FEATURES OF EXECUTING AGENT AS WELL AS PROPOSED PREROGATIVES OF BOARD WITH RESPECT TO PROJECT SELECTION, APPROVAL OF TERMS OF REFERENCE, ETC.

8. IN LIGHT OF ABOVE, SUGGEST THAT U.S. GOVERNOR'S STATEMENT AT SEVENTH ANNUAL MEETING IN KUALA LUMPUR STRONGLY REITERATE U.S. POSITION AND SUPPORT FOR BANK PROPOSAL EMPHASIZING ESPECIALLY NEED FOR A TRULY INDEPENDENT MECHANISM CONTEMPLATED IN BANK PROPOSAL. BELIEVE SUCH COMMENTS PARTICULARLY IMPORTANT IN VIEW OF APPARENT COORDINATED OPPOSITION TO NUMEROUS ASPECTS OF PROPOSAL EXERCISED BY BORROWING MEMBERS. USADB IN PROCESS CONFERRING WITH DIRECTORS ON ALL POINTS OF CONCERN TO USG.

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Message Attributes

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